

revenue alone will approach a complete return on investment in just one year.³⁰

B. BPP Will Negate The Need For Dial-Around And Minimize Lost Revenues

Approximately 25% of pay telephone customers use dial-around methods to avoid the premises owner presubscribed OSP. Instead of dialing the 0+ call and hanging up after hearing the brand of an unfamiliar OSP, a growing number of consumers are being trained to begin each call from a public telephone by dialing the 10XXX dial-around code. Generally, these callers fail to differentiate between intraLATA toll calls, which are transported by the LEC, and interLATA long distance calls, which are transported by the IXC. Consequently, the LECs are being bypassed on these calls and are losing a large amount of revenue -- revenue currently used to subsidize ubiquitous, affordable local exchange service:

³⁰ The RBOCs estimated the following initial expenses for implementing OSS-based BPP (in millions):

Ameritech	\$ 48
NYNEX	53.9
Pacific	103
Bell Atlantic	110
U.S. West	113
SWBT	127
BellSouth	145

See Ameritech at 16; NYNEX at 6-12; Pacific at 18-20; Bell Atlantic at Attachment A; U.S. West at 4-7; SWBT at 10; BellSouth at 12. The average initial expense for an individual RBOC is \$100 million.

Any extensive delay [in the implementation of BPP] would cause the demise of BPP if IXCs retrain their customers to use access codes. LECs would lose millions of dollars in intraLATA revenues if their networks are circumvented due to habitual use of access codes.³¹

It is possible that the LECs are losing as much as \$600 million annually due to inadvertent dial-around by consumers of intraLATA toll public telephone services:

By AT&T's estimates, bypass of the LEC network through use of the 10XXX+0 code would result in lost intraLATA revenue of close to \$600 million.³²

Billed party preference allows the LECs to recapture the intraLATA toll revenue currently being lost by inadvertent dial-around. With BPP, callers automatically would be routed to the LEC on intraLATA toll calls and routed to the billed party's preferred IXC/OSP on interstate calls.³³ In just one year, this recaptured revenue, by itself, would come close to funding nationwide implementation of BPP. This allocation would be fair and pro-competitive because LECs would be compensated for services they perform and IXCs/OSPs would not receive any windfall generated by inadvertent intraLATA dial-around.

³¹ PaPUC at 3.

³² PaPUC at 14. Some of this loss is recovered by the LECs through interLATA access fees. At 25% dial-around, the net loss per RBOC would average \$57.5 million. See Exhibit D attached hereto.

³³ Because of the pro-BPP comments of all the state regulatory agencies, MessagePhone concludes that most, if not all, states will respond to the FCC by requiring intrastate BPP on intrastate interLATA calls.

C. Additional Services For Pay Telephones, Made Available By The Line-Side Technology, Should Justify The Use Of Line-Side Technology For Implementation Of BPP For All Pay Telephone

In its comments, MessagePhone describes twenty-two maintenance and enhanced services for pay telephones that are available with the line-side technology:

- Automatic Message Delivery
- Sent-Paid Equal Access
- IXC Least Cost Routing
- Unbillable Card Conversion
- Answer Detection
- Coin Handling
- Coin in Box Accounting
- Metered Calls
- Dial Around (10XXX) Fraud Prevention
- Chain Dialing
- Coin Activity Line Monitoring
- 0+ to 1+ Conversion
- 0- to 1+ Conversion
- Billed Party Preference
- Accounting for Per Call Compensation
- Debit Card Interface
- American Express/Visa/MasterCard at the BONG
- 900/540/976 unblocking
- Diagnostic Monitor and Maintenance
- Instant Information To Live Operator
- Least-Cost Routing
- Gateway Access to Alternate Carriers³⁴

The potential revenue and savings generated by these services is described in Exhibit B, attached hereto. It should be noted that some of these services are designed as basic services to be "resold" by the LEC, at a tariffed rate, to non-LEC pay telephone providers. These tariff revenues are not reflected in the total of new revenues from Exhibit B.

³⁴ Recently, "Instant Conference Call" has been added to the list of services available from the line-side architecture. The line-side architecture and these new services currently are being offered to the RBOCs. Exhibit E, attached hereto, is a presentation of line-side technology, by Unisys, recently submitted to several RBOCs for evaluation.

As demonstrated in Exhibit B, if all services are implemented, the LEC will generate \$1,552 annually in new revenues and savings per pay telephone.³⁵ Assuming 150,000 pay telephones, each LEC would generate a total of \$230 million annually in new revenues and savings from these services.

Of course, in all likelihood, the LEC will not implement all services on its entire base of telephones. Some of the services will be more cost-effective on telephones at particular types of locations (e.g., coin in box accounting for telephones at locations with low usage). Nevertheless, LECs will be able to generate substantial new revenues from these services.

D. Annual Revenues For BPP, Minimized Dial-Around, And Additional Services For Pay Telephones Result In A Significant Return On Investment

As demonstrated herein, billed party preference (only for 0+ calls from pay telephones) could generate as much as \$83 million annually per RBOC. Also, by stopping dial-around, an RBOC could generate as much as an additional net amount of \$57.5 million. Combined, each RBOC would generate total revenue of up to \$140.5 million annually.

In the scenario where the BPP technology is installed in the OSS, an average RBOC generates \$140.5 million annual return on an investment of \$100 million. The RBOC would have a complete

³⁵ Revenues generated by BPP are included in the total. If those revenues are excluded, the LEC generates \$1,014 in annual revenues per pay telephone.

return on investment in a little over eight months. However, the costs for this scenario are highly speculative. The design and development work for the architecture has yet to start, and installation costs presuppose 1992 costs rather than 1996 costs.

However, in the scenario where the BPP technology is MessagePhone's line-side technology, the RBOC generates \$140.5 million annual return on an investment of \$75 million. The RBOC would have a complete return on investment in a little over six months.

In addition, with line-side technology, the RBOC has access to the revenue of the additional services. Such additional services and associated revenues would not be available with the OSS technology.

The added costs for all the services is \$450 per line (\$67.5 million for 150,000 pay telephones). Moreover, if all services are implemented on all telephones, these services will generate an additional \$1,014 annually per pay telephone for a total of \$152 million, per each RBOC, for a base of 150,000 pay telephones. The RBOC would have complete return on investment in less than six months. In total, MessagePhone's line-side technology would generate as much as \$292 million annually on an investment of \$142 million for each RBOC.³⁶

Theoretically, by the time the OSS-based technology is

³⁶ The \$292 million assumes that all services are implemented on every pay telephone owned by the LEC. In addition, Exhibit B demonstrates which applications generate new revenues by providing new services to consumers and which services provide more efficient operator processing and can be resold to IXC's and OSP's.

implemented (1996), each RBOC with the line-side technology would have generated between \$422 - \$876 million (depending on the number of new services installed) on an investment of \$142 million. Other LECs will realize similar returns in proportion to the size of their investment.

E. The Benefit Of BPP To Consumers Outweighs The Costs.

Several RBOCs have suggested that the cost to consumers of implementing BPP would be as little as \$.13-.18 per operator transaction.³⁷ This is a minor expense compared with the consumer benefits of BPP -- the consumer has equal access to the carrier of choice without the inconvenience of dialing extra digits. However, with line-side technology, it is possible that, by using technological efficiencies, the LEC can generate a significant return on investment and both the LEC and the OSP can make profits without raising the price of operator services.

Regardless, the value of BPP to consumers outweighs the costs estimated by the RBOCs for OSS-based BPP and MessagePhone's quoted costs for line-side BPP:

Any consideration of the benefits and costs of implementing billed party preference should also include a review of the costs of not implementing it and the concomitant harm to the public interest....it is clear that thousands of complaints would not have been filed at the federal and state levels and consumers would not have been overcharged untold millions of dollars.³⁸

³⁷ NYNEX at 13, 17.

³⁸ FLPSC at 2, See Also Ameritech at 19; Ameritech PUCs at 3.

VI. LINE-SIDE TECHNOLOGY IS SUPERIOR TO THE OSS SOLUTION FOR BPP

There are numerous advantages to using line-side technology for the implementation of BPP.

A. Installation Can Begin Immediately

There is consensus among the RBOCs that implementation of software and trunking necessary for OSS-based BPP could not be completed until 1996-1997.³⁹ NYNEX estimates the trunk rearrangements alone will take as long as 51,000 man-hours to complete.⁴⁰

The amenability of MessagePhone's line-side technology should moot these concerns. Implementation of MessagePhone's technology only should take 12-15 months. Nevertheless, based upon the record and the NPRM, the Commission assumes that OSS-based technology will be used and that protracted BPP implementation is inevitable. Unfortunately, as long as this unjustified assumption persists, the Commission and the RBOCs could be reluctant to proceed with introducing BPP. With this attendant delay, consumers still could be inconvenienced by the

³⁹ See Ameritech at 2; Bell Atlantic at 2; SWBT at 17; U.S. West at 11; NYNEX at 23; Pacific at 13.

⁴⁰ NYNEX at 23. With line-side technology, because a majority of the calls would not be routed through the OSS, there would not be a need for significant trunk rearrangements or, because of the automation, for many additional operators.

present system of premises owner presubscription. In addition, because dial-around still would be necessary, regulatory agencies would spend more time and resources regulating the OSP industry and LECs would continue to lose significant revenues.

Nevertheless, despite these concerns, most RBOCs still support BPP:

Although it is disappointing that BPP cannot be placed into service sooner, the Companies do not believe that BPP should be rejected on that basis. Rather, customers should be allowed to enjoy the significant benefits of BPP whenever they can be made available.⁴¹

MessagePhone demonstrates, in its Comments, that installation of line-side technology for pay telephones can begin within months of the Commission's decision to implement BPP.⁴² Timely installation will result in equal access for consumers, healthy competition for the OSP industry, increased revenues for LECs, and better utilization of regulatory resources.

The support by RBOCs, state regulators, and the Commission for BPP, which is based upon the inferior OSS-based technology, should be even stronger once awareness of MessagePhone's line-side technology increases. Opposition by non-LEC pay telephone providers and other service providers should be minimized or eliminated because the line-side technology would enable them to choose whether to process BPP calls with their own equipment or to use the LEC's facilities. This choice would provide these companies the opportunity to preserve their market share and

⁴¹ Ameritech at 2.

⁴² MessagePhone at 21.

revenue base.

B. BPP Represents Significant Return On Investment

As illustrated herein, performance of BPP routing can realize a significant return on investment for LECs, regardless of whether the service is offered from line-side technology or from the LEC's OSS. However, the line-side technology offers several advantages that are not available with the OSS solution.

Implementation cost estimates for BPP, provided by the RBOCs, were radically disparate.⁴³ This is not surprising considering that software development for OSS-based BPP has not yet started. However, from these estimates, MessagePhone assumes that the initial cost per RBOC for implementing BPP from the OSS will be in excess of \$100 million.

Subsequent to filing its Comments, MessagePhone learned that Unisys is offering the line-side architecture at a cost lower than the \$550 per line quoted.⁴⁴ The cost for implementing BPP from line-side architecture for 150,000 pay telephones will cost less than \$75 million. This cost includes software, hardware and installation. The most significant ongoing cost of this architecture is the cost of the data link from the line-side platform to the remote management switch. Because of trunking

⁴³ The initial RBOC expense for installing BPP ranges from \$48 million to \$145 million -- this range exists despite the use of the same vendors and the same relative size of the companies. See note 35, supra.

⁴⁴ MessagePhone at 24-26.

efficiencies, this cost only will average \$.35 per pay telephone per month (or \$52,500 per month for 150,000 pay telephones).

Even though OSS-based technology costs more than line-side technology, it offers less. The OSS is capable of offering only one new service -- BPP routing. MessagePhone's line-side technology offers many new maintenance and consumer-oriented services essentially for the same cost.

As demonstrated above, BPP routing will produce significant return on investment, i.e., if the LEC is appropriately compensated for performing operator service functions. By stopping inadvertent dial-around on intraLATA toll calls 4-5 years earlier than is possible with OSS-based technology, BPP routing should allow LECs to recapture up to an additional \$2-3 billion in revenue. Line-side technology has the capability of producing significant new revenues from new services that cannot be offered from the OSS or from the Advanced Intelligent Network.⁴⁵

The LECs could choose to wait five years and add BPP to the OSS, instead of using MessagePhone's architecture by installing a line-side platform from which they can offer a host of new services. Similarly, manufacturers of store and forward

⁴⁵ Some industry experts believe that, in the future, the Advanced Intelligent Network ("AIN") will be able to assume some of the functionality of the line-side technology or of the OSS. This opinion is flawed. According to Bellcore's switching systems requirements, the AIN will not be able to handle coins or function on coin lines. See Advanced Intelligent Network (AIN) Release 1; Switching Systems Generic Requirements, Bellcore Technical Advisory TA-NWT-001123, Issue 1, Section 3, May 1991.

technology could fail to upgrade their telephones for performing BPP (thus offering an inexpensive alternative to consumers). If this occurs, the OSP industry becomes mired in mediocrity and the consumer suffers.

C. Line-Side Technology Enables Immediate Processing Of Commercial Credit And Debit Cards

Most parties supporting BPP agree with MessagePhone that the BPP technology should allow consumers to use commercial credit and debit cards as well as telephone calling cards.⁴⁶ However, these parties comment that the development of technology to process these alternate billing mechanisms would take longer to implement (longer than the 4-5 years necessary to implement BPP in the OSS). They conclude that consumer access to alternate billing mechanisms for BPP should be postponed an additional several years, i.e., into the next century.⁴⁷

Line-side technology would allow LECs to implement BPP on all billing mechanisms. This technology presently has the capability to process and verify credit and debit cards.⁴⁸ Thus,

⁴⁶ Ameritech at 3-4, 11-12,

⁴⁷ Ameritech at 4, 11-12.

⁴⁸ MessagePhone at 31.

there is no technical reason why the Commission can not mandate that BPP should apply to all billing mechanisms.⁴⁹

D. Line-Side Technology Is Consistent With The Trend Toward An Unbundled, Decentralized Public Switched Network

Unlike OSS-based technology, the line-side technology is consistent with the trend toward unbundled, decentralized public network. Because the technology is on the line-side of the CO switch and is "transparent" to the call, the system, even if it should fail, represents no risk to the public network.⁵⁰ OSS-based technology represents a substantially increased risk to the network:

The Commission should cautiously approach mandating billed party preference, or any other network changes which further centralize call switching and routing functions. Centralized systems are more prone to failure, and provide less system backup.....Recently we have witnessed a number of catastrophic failures, some partly resulting from centralization of systems. In addition, comparison of Commission network Reliability Council and Tele-Communications Association reports of network outages indicate that local exchange network outages are on the rise. Billed party preference will centralize more network switching and routing functions

⁴⁹ Prior to implementation of BPP on commercial credit and debit cards, the Commission will have to decide which entity chooses the carrier. Two scenarios have been suggested: (1) a specific carrier is identified with a specific commercial card; or (2) the bank's data base is queried for the identity of the consumer's presubscribed carrier. Both methods are acceptable. However, the first method technically is easier to perform because the second method would require banks and others to alter their data bases. Using line-side technology, both methods can be installed before the OSS is capable of any BPP.

⁵⁰ The worse case scenario for failure is that only the call in progress would be lost. No other calls or network functions and equipment would be affected.

with the LECs, and remove more control from the hands of the ICs. As a result, the risk of catastrophic failure to IC networks occurring outside of the control of the ICs will increase with billed party preference.⁵¹

Because of its decentralized architecture, the line-side technology is less cumbersome and more flexible. New services can be added or altered in a fraction of the time required to adjust a network switch.⁵² Equally important, the decentralized architecture greatly decreases the risks to the public network.

E. The Line-Side Architecture Presents Other Regulatory Solutions Not Available From The OSS

The MFJ court and the Commission have asked the RBOCs to perform specific services that cannot be provided by the OSS or by existing CO switching equipment.⁵³ These services include sent-paid equal access, 10XXX fraud prevention, and dial-around per-call accounting. However, once installed, these services can

⁵¹ Pilgrim Telephone Company ("Pilgrim") at 9-10 (footnote omitted).

⁵² MessagePhone at 17 n.38. However, this modern approach to the telecommunications infrastructure continues to meet with resistance from the old-school network engineers employed by some LECs. It requires a trend away from relying on solutions that can be provided only by one of two or three major switch manufacturers. Admittedly, these engineers would prefer to wait 4-6 years for a centralized, switched-based solution that performs only half the functions and services and generates only half the revenue presently available from a decentralized solution like the PGP.

⁵³ U.S. v. Western Electric Co., Inc., 739 F.Supp 1, 12-13 (D.D.C. 1990); Blocking and Screening News Release, LECS Required To Offer Blocking And Screening Services To Control Potentially Fraudulent 10XXX Calling; Certain Unblocking Deferred, CC Docket No. 91-35, Report No. DC-2144 (June 25, 1992)("Blocking and Screening News Release").

be provided by MessagePhone's line-side technology.

Sent-Paid Equal Access - Currently all sent-paid coin calls from LEC pay telephones are carried by AT&T. The networks of other long distance carriers are unable to verify, without very costly switch and trunking upgrades, that the proper coins have been entered to pre-pay for the call. However, without any alteration to the LEC or IXC switches, the line-side technology is able to rate the call, prompt the customer to enter the proper coinage, count the coins, direct the call to the presubscribed carrier, and account for the call so the carrier receives the proper compensation.

10XXX and "clip on" fraud prevention - All pay telephone operators are required to unblock 1-800 and 10XXX access to IXCs/OSPs. Unfortunately, some pay telephones are susceptible to fraud because they cannot differentiate between a 10XXX1+ call (which is billed to the telephone) and a 10XXX0+ call (which is billed to the caller's calling card).

In many cases, even if it is an "intelligent" terminal and can monitor the call progress, the pay telephone is susceptible to "clip-on" fraud. In this case, the caller clips a manual dialing device to the telephone line BETWEEN THE WALL AND THE PAY TELEPHONE. Then the caller can dial a 10XXX1+ long distance call and the telephone owner is responsible for the bill.

The Commission has required LECs to offer blocking and screening services to control potentially fraudulent 10XXX

calls.⁵⁴ MessagePhone's line-side technology is capable of monitoring the telephone call and differentiating between 0-, 0+, and 1+ calls. The line-side technology will identify 10XXX1+ calls and require that the call is pre-paid. In addition, because of its remote location in the CO, telephones monitored by line-side technology are not susceptible to clip-on fraud.

Per-Call Accounting - Recently the Commission decided that private providers of pay telephones should be compensated by IXC's for calls where the caller dials-around the presubscribed carrier.⁵⁵ With this decision, the Commission recognized that, out of fairness to the pay telephone provider and the IXC, compensation should be based upon the exact number of dial-around calls per telephone. However, neither the pay telephone, the LEC's network, nor the IXC's network is capable of accounting for dial-around telephone calls. Because of this, the Commission settled for an interim measure where compensation is based on a total percentage of the IXC's traffic.

However, the line-side technology is able to monitor dial-around calls and keep an accounting of the number of calls received by the various IXC's. Implementation of MessagePhone's line-side technology would enable the Commission to enact actual per-call compensation on dial-around calls to replace the inaccurate interim percentage formula.

Remote Intelligence For Card Reader - One of the most

⁵⁴ Blocking and Screening News Release.

⁵⁵ Id.

financially devastating methods of pay telephone fraud is called "shoulder surfing." With shoulder surfing, the perpetrator watches over a caller's shoulder while the caller uses the calling card from a pay telephone. The perpetrator memorizes and uses the number to sell and bill international telephone calls. According to NYNEX, this method of fraud is estimated to cost consumers more than \$1 billion annually.⁵⁶

The only effective method of combating shoulder surfing is to use pay telephones with magnetic stripe card readers. Because of the processing intelligence needed, these telephones are very expensive. However, MessagePhone's line-side technology is able to process information from magnetic stripe card readers. Instead of replacing all their telephones with expensive equipment, LECs can upgrade their pay telephone base to combat shoulder surfing with an inexpensive retrofit card reader, and use the line-side for calling card processing. This service is not required by regulatory mandate but will stop fraud that currently is costing telephone consumers \$1 billion annually.

VII. LINE-SIDE TECHNOLOGY CAN MIGRATE TO CPE

Numerous parties express concern that the non-LEC payphone providers would be severely damaged by the implementation of BPP routing:

BPP works its harshest anti-competitive result on

⁵⁶ "New York Telephone Cracks Down On Phone Fraud," Phone+, Aug. 1992, at 18.

private pay telephone providers.⁵⁷

These parties believe that BPP will make it more difficult for non-LEC pay telephone providers to compete by taking away a significant amount of their revenue and giving it to the LECs. Furthermore, there is concern that BPP will strand the intelligence in "smart" telephones that currently is used to perform automated operator services.

These concerns are based on the assumption that BPP routing must be performed in the LEC OSS.⁵⁸ Apparently, it is not obvious to the telecommunications community that execution of the steps necessary for BPP can occur within CPE, including intelligent pay telephones.⁵⁹ Technology similar to MessagePhone's architecture can migrate from a CO platform to the intelligence of a "smart" pay telephone or an aggregator's

⁵⁷ Intellicall at 17. See also CPA at 2-4; Northwest Pay Phone Association at 4-5; Midwest Independent Coin Payphone Association at 4-5.

⁵⁸ Other than MessagePhone, all the comments filed in this proceeding assume that BPP routing must be executed from the LEC's OSS. See, e.g., ComTel Computer Corporation ("ComTel"), which states that implementation of BPP from CPE "appears to be technically unfeasible." ComTel at 6.

⁵⁹ Steps for performing BPP routing on 0+ calling card calls:

1. Ask for billing information;
2. Capture and store billing information;
3. Evaluate format of billing information to determine presubscribed carrier;
4. If not determined by format, query LIDB or other data base to determine presubscribed carrier;
5. Route the call to the billed party's presubscribed carrier;
6. Forward billing information to presubscribed carrier.

For collect calls, the technology must capture the destination number and query the LIDB to determine the destination's presubscribed carrier.

automated operator system (often referred to as "operator in a box" or "0 to 1+ conversion").

In essence, pay telephone providers and aggregators have two choices for providing BPP routing on calls originating from their equipment:

1. they can upgrade the equipment to perform BPP; or
2. they can utilize the LEC's BPP routing and receive compensation from the LEC or IXC.

If the owners of pay telephones and automated operator systems choose the first option, then they should be compensated for each of the operator functions performed. For example, they should receive \$.20 for playing the Bong Tone and Capture Billing information; \$.18 for determining the caller's presubscribed carrier by LIDB query; and \$.06 for forwarding the billing information to the IXC/OSP -- for a total of \$.44 per call.⁶⁰ This revenue would enable pay telephone providers and aggregators to continue to generate revenues from operator assisted calls. With these funds, pay telephone providers will be able to continue to pay commissions to premises owners.⁶¹

With the second option, owners of non-LEC pay telephones and automated operator systems would receive a flat rate (or "per

⁶⁰ This is the exact amount the LEC would receive for performing the same functions. See Section V.A and Exhibit C.

⁶¹ MessagePhone recommends that non-LEC pay telephones actually should be given another choice by the Commission. Consumers should have the choice of "over riding" BPP in order to use discount automated services offered by the pay telephone's intelligence. In this way, after receiving permission from the consumer, the intelligence in the pay telephone could complete the operator functions, just as it does today. However, for consumers to trust and utilize these services, they would have to offer legitimate cost savings.

call" rate) set by the Commission. This compensation is the same as the owners of non-LEC pay telephones presently receive for dial-around compensation.

VIII. OBJECTIONS RAISED BY OTHER PARTIES IN THIS DOCKET ARE OVERCOME BY THE USE OF MESSAGEPHONE'S LINE-SIDE TECHNOLOGY TO OFFER BPP

Most of the objections to BPP are grounded on the assumption that only the LEC's OSS can perform the necessary functions to offer BPP routing. The presence of MessagePhone's line-side technology alters that assumption and renders moot most of these objections.

A. The Cost Of BPP Will Not Be A Burden On Consumers

Many parties submitting comments, including several of the RBOCs, have questioned whether the cost of BPP will be a burden to consumers.⁶² Most parties have asked that the Commission carefully weigh the cost of the service against the benefits it provides to consumers.

Two RBOCs have estimated that the additional cost of offering BPP could be as much as an additional \$.13-.18 per interstate operator call.⁶³ This increase is insignificant compared to the fact that the median cost of operator services

⁶² E.g., NYNEX at 3-4; BellSouth at 1-2, 19; AT&T at 11-17; Intellicall at 21; USLD at 11-14; CPA at 6; CompTel at 21-22; CNSI at 2.

⁶³ See note 34, supra.

ranges from \$1-3 more than AT&T's average rates (not the industry's lowest rates). Consumers could pay as much as \$24 dollars more (\$27 for a call that would cost \$2.72 with AT&T). Adoption of BBP would decrease these surcharges. Thirteen to eighteen cents extra for BPP, compared to the \$1-3 more for some operator services, is extremely inexpensive insurance to assure consumers that they will not be gouged.

However, the LEC can generate the necessary return on investment without increasing the cost of operator services, as demonstrated in Section V.A,D, infra. MessagePhone recommends that the LEC performing BPP functions must be compensated accordingly. Likewise, if the BPP functions are performed by CPE or by an alternate access provider with technology similar to MessagePhone's line-side technology, then that operator should receive the compensation. In this manner, there should be no need for OSPs to increase their rates.

B. BPP Will Not Require Duplicate Operator Services

Many parties are concerned that BPP will inconvenience consumers by subjecting them to duplicate operator services:

[I]f the caller has not entered any billing information after the "bong," but has waited to give billing information (either a card number or identifying information for a collect call) to a live operator, then the inconvenience of two operators becomes even worse. The caller must tell the billing information to a LEC operator. The LEC operator will then perform the look-up and route the call to an OSP. The caller must then wait for the OSP's operator to come on the line

and tell the information again to the second operator.⁶⁴

The RBOCs, as well as other parties to the proceeding, demonstrate that this problem will be resolved with the completed installation of SS7. Likewise, the line-side architecture has the capability of transferring call information to the BPP operator.⁶⁵ Furthermore, MessagePhone has developed several techniques for transferring call information to the IXC/OSP BEFORE SS7 IS INSTALLED. However, these techniques require the IXCs to alter their equipment and incur some expenses.

C. OSPs Will Not Be Excluded From Offering Enhanced Services And Innovation Will Not Be Stifled

Several parties are concerned that, because all operator calls are seized by the LEC and taken to the OSS for processing, OSPs and pay telephone providers will be excluded from offering enhanced services.⁶⁶ These parties are correct IF BPP IS PERFORMED IN THE OSS. However, if the LECs utilize line-side technology, and CPE owners are allowed to perform BPP routing with their own equipment, then these concerns are unjustified.

With MessagePhone's line-side technology, or with the BPP functions being performed in the set-based CPE, private pay

⁶⁴ APCC at 22. See also CompTel at 13-17; USLD at 9-10; Advanced Technologies Cellular Telecommunications, Inc. at 3.

⁶⁵ In most cases, the line-side architecture will have the capability of being able to "splash" the gathered call information onto the IXC's live operator's screen.

⁶⁶ AT&T at 16-17; Intellicall at 6-10; ITI at 10-12; USLD at 15-16; CompTel at 23-25.

telephones and other CPE will be able to continue offering enhanced services to callers while the call is being processed. This equipment loses control of the call only after it has been transferred to the OSP.

D. There Will Be Less Consumer Confusion And Lack Of Uniformity

Some parties have stated that the benefits of BPP are "not as advertised" and will cause customer confusion.⁶⁷ They state that, with BPP, the consumer either will be served by the LEC or by their presubscribed IXC/OSP. Most consumers will not know which service provider to expect.

This argument is a "straw horse." BPP will end much of the present confusion experienced by consumers. Consumers will know that, on almost all call types, they will reach a carrier with whom they presently do business (the LEC) or whose rates are regulated, or a carrier they have preselected. Consumers do not complain about using the LEC's operator services or their own presubscribed carrier's operator services.⁶⁸

There is no doubt that the current system of premises owner presubscription has resulted in considerable consumer confusion that will be relieved by BPP:

⁶⁷ CompTel at 19-20; Intellicall at 10-13; APCC at 20-23; ITI at 14; USLD at 9-10.

⁶⁸ The issue of intrastate interLATA calls remains unresolved. However, judging from the comments filed by the state regulatory commissions, it is reasonable to conclude that most, if not all, states will adopt rules implementing BPP on intrastate interLATA calls.

As a result of all these changes, users of public phones are confused and frustrated. The FCC and the state commissions have received a significant number of consumer complaints about these issues.⁶⁹

Even parties opposed to BPP admit that the current system has caused substantial confusion:

As the Commission stated in the Notice, the transition from monopoly to competition in operator services has caused confusion among customers. Moreover, the rapid proliferation of new carriers, equipment and services engendered by this competition has added to the confusion, as customer education has lagged behind innovation.⁷⁰

BPP will be less confusing for consumers than the present system. Consumers either will receive operator services from their preselected IXC/OSP or from a local exchange telephone company. Consumers will not have to remember to dial extra numbers or listen for OSP brands to assure that they will receive the desired service. Of course, consumers should have the option to dial-around and receive services of any service provider they choose.

In addition, some parties are likely to raise the issue that, because line-side technology only provides BPP for 70% of telephone calls, implementation of universal BPP will be "piece meal" and will cause customer confusion. First, there is confusion now. Parties for and against BPP admit to this fact. Second, implementation of equal access historically has been "piece meal," and yet both consumers and the telecommunications industry have benefitted. (One can only speculate as to whether

⁶⁹ Texas PUC at 2. See MoPSC at 1-2; Ameritech Commissions at 3, 7; FLPSC at 5.

⁷⁰ ITI at 13. See also APCC at 18.

equal access ever would have been implemented if the court had required the monopoly to stay in place until equal access could be turned on "everywhere at once.")

In fact, by implementing line side technology on all pay telephones, consumers will have BPP equal access on 91% of public telephone operator calls. Consumers currently experience equal access from their business and residential telephones. Concern for the American consumer demands the Commission mandate this next step in achieving universal equal access.

E. Competitive Access Providers That Offer Switched Services Can Perform BPP Without Having To Send The Call To The LEC's OSS

There is concern by some parties that BPP would preclude operator calls from being routed to competitive access providers.⁷¹ It would be anti-competitive, if consumer traffic that used competitive access providers to access IXC networks, first had to access the LEC's network and the OSS. However, this concern presupposes that BPP routing must be executed by the LEC's OSS.

Technology similar to MessagePhone's line-side technology easily can be utilized by competitive access providers to perform BPP routing functions. There is no reason why a LEC's OSS must preform BPP routing for call traffic destined to a competitive access provider. BPP does not have to deprive pay telephone providers, or any other service user or provider, of the ability to use competitive access providers to gain efficiencies.

⁷¹ CompTel at 19; APCC at 11.

F. BPP Will Not Inconvenience The Consumer By Taking Too Much Additional Time For Call Set-Up

There is concern from several parties that BPP will inconvenience consumers by taking too much additional time for call set-up:

[S]ome LECs contend that BPP could increase access times on 0+ calls by up to four seconds per call, but implementation of Signalling System 7 and Automated Alternate Billing Services would eliminate this increase....CPA has serious reservations about the accuracy of these estimates.⁷²

The RBOCs commenting on this issue agree that, using OSS-based technology, once SS7 is in place, there will be no time increase (or minimal time increase).⁷³ Likewise, processing BPP calls with MessagePhone's line-side technology will not require additional time, and in fact, may involve less time.⁷⁴

MessagePhone has devised several methods of forwarding call information to the OSP. Not all of these methods require SS7. However, these methods do require greater cooperation from the OPS, including some alteration of OSP equipment. Obviously the length of time needed to process the call will depend on the method utilized and the amount of cooperation received from the OSP.

⁷² CPA at 9. See also APCC at 22-23; CompTel at 13-19.

⁷³ See Ameritech at 15-16; SWBT at 15; U.S.West at ii, 12-13. Only U.S.West takes the position that, even with SS7, processing BPP calls will take an additional .05-2.0 seconds.

⁷⁴ MessagePhone at 20-21, n.41.